



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

CLEAN ENERGY

IN THE MATTER OF THE OFFICE OF CLEAN ENERGY
CUSTOMER ON-SITE RENEWABLE ENERGY (CORE)
PROGRAM

ORDER REVISING REBATE
LEVEL

DOCKET NO. EOO4121550

(SERVICE LIST ATTACHED)

BY THE BOARD

The Customer-Sited Clean Energy Generation Program, now known as the Customer Onsite Renewable Energy (CORE) program, was established by the Board of Public Utilities ("Board") on March 9, 2001 in Docket Number EX99050347. In its March 3, 2003 Order, Docket Number EO02120955, the Board directed that the CORE program be administered and implemented by Board Staff and contractors as needed. In its September 11, 2003 Order, Docket Number EO02120955, the Board directed Staff to administer the Clean Energy Program ("CEP"). The Board set the CEP four-year funding level for 2005-2008 by Order dated December 23, 2004 in the within docket.

The Board has consistently directed that the CORE program be closely monitored and adjusted to reflect market changes, and that the program be managed to stay within its four-year funding level and program budget. The CORE program has grown almost 300 percent annually for the last three years and is expected to grow at this same rate in 2006. Currently, the Office of Clean Energy has grown the New Jersey CORE solar program to be the second largest solar market in the United States second only to California, and the fifth largest market in the world based on current available data. The total four-year funding level for renewable energy programs as approved by the Board is \$273 million, plus \$86.6 million in carryover from prior year commitments.¹ The majority of the CORE commitments (approximately 95 percent) are solar photovoltaic projects.

¹ Carryover funds may be used for a rebate or grant/loan commitment made in a prior year that is payable in a subsequent year if the project is constructed. The majority (approximately 80 percent) of the carryover referenced above was for CORE rebate commitments. The remaining 20 percent of the carryover was for other renewable energy grant and loan programs. Administrative budgets are not included within carryover calculations and are allocated only on an annual-year program budget basis.

Given this high growth rate, Staff recommends immediate changes to the CORE rebate level to ensure the program does not over-commit projects relative to the four-year funding level. Those changes are set forth herein. Staff asserts several reasons for the proposed changes:

As reported in monthly CORE Tracking Reports, and as set forth in the Board's February 13, 2006 Order, the amount of CORE rebate application approvals (rebate commitments) is approaching the overall remaining funding level for the program.

2. Based on this projected rebate commitment rate, cash flow could approach the CORE program budget limits.
3. In order to meet the Board's adopted objectives for the CEP to install 90 MW of photovoltaic capacity by December 31, 2008, as set forth in the Board's Order dated May 7, 2004 in Docket Numbers EX03110946 and EX0404276, the overall rebate levels need to be reduced.
4. This rebate reduction trend is consistent with the Board's overall objective for the CEP and the Legislature's similar objective to eliminate subsidies for programs that can be delivered into the market without societal benefit charge ("SBC") funding, as set forth in the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-60a(3).

Based on the foregoing, Staff recommends that the Board impose a rebate reduction for both private and public sector projects, as set forth in detail below, to be effective September 1, 2006, in order to maintain the CORE program within budgetary constraints in accordance with previous Board directives. Staff further recommends that the Board direct the Office of Clean Energy to revise the CORE application to require this rebate reduction information to be submitted with all new applications.

Any unspent administrative cost is rolled over into either the renewable energy or energy efficiency program rebate budgets.

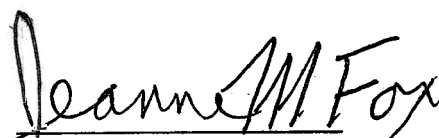
Rebate Applied to Solar PV System Capacity	All Sector Applicants in-place since 2003 to 6/24/05 (per watt)	All Sector Applicants effective 7/1/05 to 12/31/05 (per watt)	Private sector Applicants effective 8/8/05 if placed in service after 12/31/05 for the Federal Investment Tax Credit (FITC)	Private Sector Applicants Eligible for FITC, effective 2/1/06 (per watt)	Public, Non-profit or FITC Ineligible Applicants, effective 2/1/06 (per watt)	All Private Sector Applicants effective 3/15/06 (per watt)	All Public and Non-profit Applicants effective 3/15/06 (per watt)	All Private Sector Applicants effective 9/1/06 (per watt)	All Public and Non-profit Applicants effective 9/1/06 (per watt)
0 to 10,000 watts	\$5.50	\$5.30	\$5.10	\$4.95	\$5.30	\$4.35	\$5.15	\$3.80	\$4.40
10,001 to 40,000 watts	\$4.00	\$4.35	\$3.90	\$3.70	\$4.35	\$3.20	\$4.15	\$2.75	\$3.45
40,001 to 100,000 watts	\$4.00	\$3.75	\$3.45	\$3.20	\$3.75	\$3.00	\$3.50	\$2.50	\$2.80
100,001 to 700,000 watts	\$3.75 *	\$3.60	\$3.20	\$3.05	\$3.60	\$2.80	\$3.40		
100,001 to 500,000 watts								\$2.25	\$2.60
500,001 to 700,000 watts								\$2.00	\$2.05

* The rebate size was limited to up to 500 kW with \$0.03 per watt at >500 to 1 MW

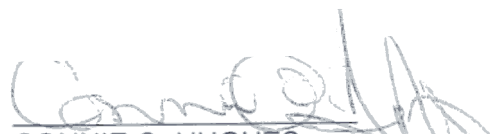
The Board HEREBY ADOPTS Staff's recommendation to reduce the CORE rebate levels for both private and public sector projects on September 1, 2006 in accordance with the levels recommend above and further HEREBY DIRECTS the Office of Clean Energy to implement those rebate changes in accordance with this Order. The Board HEREBY DIRECTS the Office of Clean Energy to continue closely monitoring the total CORE installation costs and CORE technology market changes, and to make necessary recommendations in the future regarding CORE rebate levels to ensure that the CORE program stays within its four-year funding level and program budget and achieves the objectives set by the Board for the Clean Energy Program. Moreover, the Board HEREBY CLARIFIES that all application approvals are subject to the availability of funds budgeted for the CORE Program budget year.

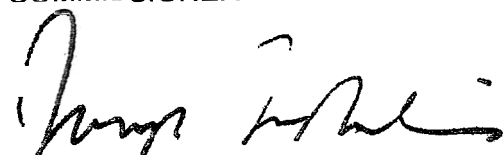
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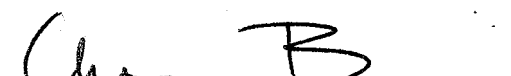
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I HEREBY CERTIFY that the within
document is a true copy of the original
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